

AGENDA: January 14, 2003

4.7

CATEGORY: Consent

DEPT.: Public Works

TITLE: Resolution Concerning the Formation of
the Bay Area Water Supply and
Conservation Agency

RECOMMENDATION

Adopt A RESOLUTION SETTING FEBRUARY 25, 2003 AS THE TIME AND PLACE OF A PUBLIC HEARING ON WHETHER TO FORM, AND BECOME A MEMBER OF, THE BAY AREA WATER SUPPLY AND CONSERVATION AGENCY.

FISCAL IMPACT

Mountain View currently pays the Bay Area Water Users Association (BAWUA) approximately \$76,000 per year in membership dues. A new regional water agency will supplant BAWUA in the coming months, and membership dues will be transferred to the new agency. Although it is unclear if additional funds will be needed, the Fiscal Year 2003-04 Public Works budget reflects the possibility of an increased assessment.

BACKGROUND AND ANALYSIS

The Hetch-Hetchy regional water system delivers drinking water to over 2.7 million residents and businesses in the Bay Area, including Mountain View. Approximately 90 percent of Mountain View's water comes from Hetch-Hetchy. The City and County of San Francisco, who owns and operates the system, has deferred maintenance and seismic upgrade work on the pipeline for many years. As a result, over \$3 billion in repairs are needed to correct the deficiencies.

Seeing the urgent need to correct the situation, the members of BAWUA, of which Mountain View is a member, sponsored three bills, AB 1823, AB 2058 and SB 1870, that were signed by Governor Davis in September 2002. A memorandum outlining the bills is included as Attachment 1. These bills give San Francisco and BAWUA the ability to improve the regional distribution system.

One of the bills, AB 2058, authorizes the members of BAWUA to form a new water agency, the Bay Area Water Supply and Conservation Agency (BAWSCA) with the ability to sell bonds to finance the \$2 billion regional share of the repairs to Hetch-Hetchy. The agency also has the ability to acquire additional water supplies outside of the Hetch-Hetchy system and to construct facilities to store and transport water. Once this agency is formed, the assets and

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staff of BAWUA will be transferred to the new agency, and BAWUA will exist in name only to fulfill certain legal and contractual obligations. It is expected BAWUA will continue to operate and offer administrative support until the transfer is complete.

To form the new agency, one of the BAWUA member agencies is required to adopt a resolution of intent. The Alameda County Water District is expected to take this initial action at their January 9, 2003 meeting and to forward a copy of the resolution to all BAWUA members the week of January 13, 2003. Copies of the resolution will be distributed as soon as it is available. Attachment 2 details the requirements of the formation of this agency.

The next step in the formation process requires the City to adopt a resolution setting a time and place to discuss whether to form and join this agency and to give the public the opportunity to comment on this issue. Attachment 3 is the recommended resolution. AB 2058 requires the hearing date to be 30 days after the adoption of the resolution but no later than 60 days. The February 25, 2003 Council meeting is the proposed hearing date in the resolution. If the Council decides to form and join the agency after the February hearing, a resolution will need to be adopted stating this as well as an action to appoint a Councilmember to the board of directors of BAWSCA.

A companion to AB 2058 is SB 1870, which establishes another financing tool to fund the repairs to the Hetch-Hetchy water system with the formation of the San Francisco Bay Area Regional Water System Financing Authority. This Authority also has the ability to sell bonds to finance repairs to Hetch-Hetchy, but only those specified in AB 1823. Unlike BAWSCA, after the repairs are complete and the bonds have been repaid, the Financing Authority will be dissolved. Attachment 4 details the requirements for the formation of the Financing Authority and the appointment of a City representative. Council action to join and appoint a representative to this Authority can be formally considered as part of the February 25, 2003 hearing and deliberations.

CONCLUSION

Forming and joining BAWSCA and the Financing Authority will give the City a voice in regional water supply issues having a direct effect on Mountain View residents and businesses. They will also provide the City with the opportunity to increase the reliability of its water supply and reduce its dependence on the Hetch-Hetchy water system by acquiring additional water supplies.

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PUBLIC NOTICING—Agenda posting.

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PS/8/CAM
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Attachments: 1. Memo Concerning Hetch-Hetchy Legislation
2. Memo Concerning the Formation of BAWSCA
3. Resolution
4. Memo Concerning the Formation of the Financing Authority

cc: Mr. Arthur Jensen, General Manager—Bay Area Water Users Association

TPM, BM, F/c

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2003

A RESOLUTION SETTING FEBRUARY 25, 2003 AS THE TIME AND PLACE OF
A PUBLIC HEARING ON WHETHER TO FORM, AND BECOME A MEMBER OF,
THE BAY AREA WATER SUPPLY AND CONSERVATION AGENCY

WHEREAS, the California Legislature, in enacting AB 2058 (Statutes 2002, Chapter 844), declared its intent to enable local governments responsible for water distribution in Alameda, San Mateo and Santa Clara Counties that rely on the regional water system operated by the City and County of San Francisco to establish a multi-county agency authorized to plan for and acquire supplemental water supplies, to encourage water conservation and use of recycled water on a regional basis and to assist in the financing of essential repairs and improvements to the San Francisco regional water system, including seismic strengthening; and

WHEREAS, the board of directors of the Alameda County Water District has adopted a resolution declaring that the need for coordinated planning and implementation of strategies for water supply, water conservation, water recycling and repair and improvement of the San Francisco regional water system warrants the formation of such an agency and has distributed a certified copy of such resolution to all public agencies in Alameda, San Mateo and Santa Clara Counties identified in AB 2058 as eligible to become members; and

WHEREAS, AB 2058 requires the governing body of each eligible agency, upon receiving a copy of a resolution of the nature of that adopted by Alameda County Water District, schedule a public hearing within its own jurisdiction to consider whether to form, and join, the Bay Area Water Supply and Conservation Agency;

NOW, THEREFORE, BE IT RESOLVED:

1. The Mountain View City Council will hold a public hearing to determine whether to form the Bay Area Water Supply and Conservation Agency ("Agency") and whether to become a member of the Agency on February 25, 2003 at 6:30 p.m. in City Council Chambers, Second Floor of City Hall, 500 Castro Street, Mountain View, California, 94041.

2. The Mountain View City Clerk is directed to arrange for publication of this resolution in a newspaper of general circulation within the City on or before February 11, 2003.

PS/8/RESO/904-01-14-03R-E^